



ADDENDUM TO SALES CONTRACT SELLER FINANCING



This Addendum is to the Sales Contract ("Contract") entered into between:

("SELLER") _____ and

("BUYER") _____,

relating to the following described real property ("Property"):

IMPORTANT NOTICE TO SELLER AND BUYER: YOU ARE STRONGLY ADVISED TO CONSULT WITH LEGAL COUNSEL PRIOR TO SIGNING THIS ADDENDUM. THE SELLER FINANCING WHICH IS THE SUBJECT OF THIS ADDENDUM MUST STRICTLY COMPLY WITH THE APPLICABLE PROVISIONS OF THE DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT ("the ACT") OR FALL WITHIN ONE OF THE TWO EXCLUSIONS SET FORTH IN PARAGRAPH 8 BELOW.

1. Either SELLER or BUYER may terminate the Contract by giving notice of said termination not later than ten (10) days after Effective Date, if the SELLER and/or financing described herein does not comply with the Act or fall within one of the exclusions set forth in Paragraph 8 below. SELLER's failure to so terminate shall constitute a representation and warranty to BUYER that SELLER either falls within one of the exclusions set forth in Paragraph 8 below, or will comply with all applicable provisions of the Act. Said representation and warranty shall survive closing.
2. Not later than 5 days after the Effective Date, BUYER shall furnish such credit, financial, employment and other information about BUYER as is reasonably required by SELLER to evaluate BUYER's credit worthiness ("Credit Information"). SELLER shall notify BUYER not later than 5 days after receipt of the Credit Information whether SELLER shall provide the financing contemplated by the terms of this Addendum. SELLER shall not unreasonably refuse to provide said financing. If SELLER fails to notify BUYER, not later than 5 days after receipt of the Credit Information, that SELLER declines to provide the financing contemplated by the terms of this Addendum based on BUYER's credit worthiness, SELLER shall be deemed to have agreed to provide said financing. If SELLER timely declines to provide said financing, BUYER may terminate the Contract by giving SELLER notice of such termination not later than 5 days after receipt of notification that SELLER has declined to provide said financing. BUYER's failure to terminate within the 5 day period shall be deemed a waiver of the right to terminate.
3. At closing, BUYER shall execute and deliver to SELLER a negotiable promissory note ("Note") payable to SELLER in the principal amount of \$ _____, and a purchase money first second mortgage in the same amount encumbering the Property to secure repayment of the indebtedness evidenced by the Note (the "Mortgage"). If the Mortgage is a second mortgage, a default under the terms of the first mortgage shall, at the option of the holder, constitute a default under the Mortgage. Interest shall accrue on the outstanding principal balance due under the Note at the rate of _____ % per year, for an amortized term of not fewer than _____ years. The loan will balloon _____ months after the Closing Date, or has no balloon feature (Note: If the Three (3) Property Exclusion in Paragraph 8 below applies, the loan must be fully amortizing and may not contain a balloon feature). BUYER shall be personally liable on the Note. The Note will allow BUYER to prepay all or any portion of the outstanding principal balance, at any time with interest to the date of payment, without penalty, except that no prepayment in SELLER's fiscal year of closing is permitted without SELLER's prior written consent.

BUYER shall make monthly quarterly semiannual annual payments of principal and interest interest only. The first payment shall be due and payable one month after the Closing Date. The Note shall (i) provide for a late charge equivalent to 5% of any payment not paid within 10 days of the due date of any installment; and (ii) permit SELLER to accelerate the loan at SELLER's option in the event of BUYER default.

4. The Note and Mortgage shall: (i) be prepared by BUYER and (ii) be furnished to SELLER for review and approval not later than 15 days after the Effective Date of the Contract; and (iii) contain terms and conditions that are customary in purchase money notes and mortgages in the county where the Property is located, and (iv) otherwise be in form and content reasonably acceptable to SELLER.

5. The Mortgage shall: (i) contain a due-on-sale clause; and (ii) obligate BUYER to keep the Property insured against casualty loss (including flood if the Property is located in a flood zone other than X), with coverage in an amount not less than the lesser of the maximum insurable value or the full replacement value of the Property; and (iii) obligate BUYER to furnish a copy of BUYER's casualty and flood (if applicable) insurance policy(ies) to SELLER at closing, and furnish copies of documentation evidencing timely annual renewal of said policy(ies) to SELLER not later than 15 days after each renewal date; and (iv) include joinder of BUYER's spouse, if BUYER is married. The policy(ies) shall name SELLER as an additional insured party. BUYER shall furnish to SELLER, not later than April 1 of each year of the loan term, written documentation evidencing payment in full of the prior year's property tax bill.

6. BUYER shall pay at closing: (i) the costs of preparation of the Note and Mortgage; and (ii) documentary stamp taxes, intangible taxes and recording fees on the Note and Mortgage.

7. Notwithstanding the provisions of Standard A.2. to the contrary, the Contract is not assignable by BUYER.

8. EXCLUSIONS FROM THE ACT.

(A) The One Property Exclusion applies if (i) SELLER is a natural person, estate or trust who provides financing for only one (1) property in any 12-month period, and (ii) the Property is owned by SELLER and serves as collateral for the financing, and (iii) SELLER did not construct or act as the contractor of the residence on the Property in the ordinary course of business, and (iv) the repayment schedule does not result in negative amortization, and the interest rate is either fixed, or is adjustable but only after the initial 5 years of the loan and is thereafter subject to reasonable annual and lifetime adjustment limits/caps, and (v) the loan need not be fully amortizing and a balloon payment is permitted.

(B) The Three Property Exclusion applies if (i) SELLER is a natural person, estate, trust or business entity who provides financing for no more than 3 properties in any 12-month period, and (ii) the Property is owned by SELLER and serves as collateral for the financing, and (iii) SELLER did not construct or act as the contractor of the residence on the Property in the ordinary course of business, and (iv) the repayment schedule does not result in negative amortization, and the interest rate is either fixed, or is adjustable but only after the initial 5 years of the loan and is thereafter subject to reasonable annual and lifetime adjustment limits/caps, and (v) The loan must be fully amortizing and a balloon payment is not permitted, and (vi) SELLER determines in good faith that the BUYER (Borrower) has a reasonable ability to repay the loan pursuant to certain criteria identified in the Act.

(Seller's Signature) (Date) (Buyer's Signature) (Date)

(Seller's Signature) (Date) (Buyer's Signature) (Date)